

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 3615 - SB 3696

March 5, 2010

SUMMARY OF BILL: Requires insurance coverage for medical nutrition consultations in addition to medical nutrition counseling as part of diabetes outpatient self-management training and educational services. The consultations must be provided by a physician or upon referral by a registered nurse, dietician, pharmacist, or other licensed health care professional with expertise in diabetes management as determined by the health insurance carrier.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - \$283,300

Increase Local Expenditures – Not Significant

Increase Federal Expenditures - \$544,700

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation would not result in a significant increase in the cost of health insurance premiums to cover medical nutrition consultations for diabetic patients.

Assumptions:

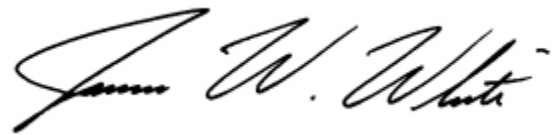
- Pursuant to Tenn. Code Ann. § 56-7-2605, diabetes outpatient self-management training and educational services include medical nutrition counseling provided by a physician or, upon referral, by a registered nurse, dietician, pharmacist, or other licensed health care professional with expertise in diabetes management as determined by the health insurance carrier. The provisions of the bill will include medical nutrition consultation.
- According to the Bureau of TennCare, consultation services are currently provided if determined to be medically necessary and performed by a physician. The program does not provide coverage for a consultation when performed by a nutritionist.
- While the consultations would have to be performed by a physician or the physician would have to refer the enrollee to a nutritionist, it is assumed that there would be some increase in utilization.
- Currently, there are approximately 92,000 diabetic enrollees. If 10 percent, or 9,200, of enrollees received a consultation by a nutritionist, there would be an increase in expenditures of \$828,000 (9,200 x \$90 per visit). Of the \$828,000, the state share would

be \$283,342 at a rate of 34.22 percent and the federal share will be \$544,658 at a match rate of 65.78 percent.

- According to the Department of Finance and Administration, the expansion of covered services would not have a significant impact on the prevalence of diabetes nor the utilization of this category of services. Currently, the state sponsored public sector plans provide this benefit for medical nutrition counseling when prescribed by a physician subject to an annual limit of \$500.
- Any local government not participating in the state sponsored health plan will not incur a significant increase in expenditures to provide these services.
- The Department of Commerce and Insurance will be responsible for the enforcement and administration through the review and approval of policies for the inclusion of the coverage mandate. Any cost can be accommodated within existing resources without an increased appropriation or reduced reversion.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

/kml